

**DEPARTMENT OF TRANSPORTATION****AUDITS AND INVESTIGATIONS**

100 STREET, SUITE 200  
P. O. BOX 942874 – MS 2  
SACRAMENTO, CA 94274-0001  
PHONE (916) 323-7111  
FAX (916) 323-7123  
TTY: 711



*Flex your power!  
Be energy efficient!*

December 31, 2009

Judith A. Ferrera  
Research Services Manager  
University of California, San Francisco, Institute for Health and Aging  
333 California Street, Suite 340, Box 0646  
San Francisco, CA 94118

Re: University of California, San Francisco Institute for Health and Aging  
Indirect Rate Cost Proposal for Fiscal Year 2008/09 and 2009/10  
File Number: P1590-0088


Dear Ms. Ferrera:

We have reviewed the University of California, San Francisco's (UCSF) Facilities and Administrative (F&A) Cost Rate Agreement approved by the United States Department of Health and Human Services (DHHS) for fiscal years 2008/09 and 2009/10. DHHS has approved an indirect rate of 33 percent, however UCSF proposed using a lower indirect rate of 17.5 percent for its projects funded by the California Department of Transportation (Department). The Department's Audits and Investigations Division defers to DHHS the approval of UCSF's indirect cost rate, and will allow UCSF to bill at a rate of 17.5 percent on the Department project for fiscal years 2008/09 and 2009/10. The rate may be applied to modified direct costs consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract.

However, please note that the rate approved by DHHS for fiscal year 2009/10 is provisional, pending the establishment of a final rate. Once a final rate is approved, or the provisional rate is amended, UCSF must notify the Department and provide documentation of any amendments made to the provisional rate approved by DHHS. In the event that the final or amended rate is lower than 17.5 percent, UCSF must reconcile all prior reimbursement claims using the lower approved rate. Any resulting overpayment must be repaid to the Department within 30 days or by the next billing cycle, whichever occurs first. For subsequent fiscal years, UCSF must resubmit a request for use of an indirect cost rate.

Please retain a copy of this letter with your Facilities and Administrative Agreement. Copies of this letter were sent to the Department's District 4, the Department's Division of

Accounting, and the Federal Highway Administration. If you have any questions, please contact Barbara Nolan, Auditor, at (916) 323-7880 or Amada Maenpaa, Audit Manager, at (916) 323-7868.

 MARYANN CAMPBELL-SMITH  
Chief, External Audits

Attachments

- c: Brenda Bryant, Director, Financial Services, Federal Highway Administration
- Sue Kiser, Director, Planning and Right of Way, Federal Highway Administration
- Dan Mundy, Branch Chief, Division of Mass Transportation
- David Saia, Senior Transportation Engineer, Policy Development and Quality Assurance, Division of Local Assistance
- Jenny Tran, Associate Accounting Analyst, Local Assistance Accounting Branch, Division of Accounting
- Sylvia Fung, Local Assistance Engineer District 4

## COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 1946036493A6

DATE: December 14, 2005

## INSTITUTION:

University of California (UCSF)  
San Francisco CampusFILING REF.: The preceding  
Agreement was dated  
November 15, 2002

CA

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

## SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES\*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/05	06/30/06	51.5	On-Campus	Organized Research
PRED.	07/01/06	06/30/07	53.5	On-Campus	Organized Research
PRED.	07/01/07	06/30/08	54.0	On-Campus	Organized Research
PRED.	07/01/08	06/30/09	54.5	On-Campus	Organized Research
PRED.	07/01/05	06/30/09	26.0	Off-Campus	Organized Research
PRED.	07/01/05	06/30/06	38.0	On-Campus	Instruction
PRED.	07/01/06	06/30/09	43.2	On-Campus	Instruction
PRED.	07/01/05	06/30/09	26.0	Off-Campus	Instruction
PRED.	07/01/05	06/30/06	30.0	On-Campus	Other Spon Act
PRED.	07/01/06	06/30/09	33.0	On-Campus	Other Spon Act
PRED.	07/01/05	06/30/09	26.0	Off-Campus	Other Spon Act
PRED.	07/01/05	06/30/06	27.0	On-Campus	(A)
PRED.	07/01/06	06/30/09	23.6	On-Campus	(A)
PRED.	07/01/05	06/30/08	9.0	Off-Campus	(B) IPA
PRED.	07/01/08	06/30/09	9.2	Off-Campus	(B) IPA
PROV.	07/01/09	UNTIL AMENDED	Use same rates and conditions as those cited for fiscal year ending June 30, 2009.		

(A) General Clinical Research Centers

(B) Intergovernmental/Personnel Act Agreements

## \*BASE:

Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract).

Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

INSTITUTION:  
University of California (UCSF)  
San Francisco Campus

AGREEMENT DATE: December 14, 2005

## SECTION II: SPECIAL REMARKS

### TREATMENT OF FRINGE BENEFITS:

This organization charges the actual cost of each fringe benefit per employee direct to Federal projects for all employees whose salary and wages is charged direct to Federal projects. However, for the purpose of budgeting fringe benefit costs under project proposals, the organization uses an average fringe benefit rate which is applied to budgeted salaries and wages. The organization's fringe benefits are: OASDI, FICA, RETIREMENT PLAN, HEALTH/DENTAL/OPTICAL INSURANCE, WORKERS COMPENSATION, UNEMPLOYMENT INSURANCE, NON-INDUSTRIAL DISABILITY INSURANCE, LIFE INSURANCE, ANNUITANT HEALTH AND DENTAL INSURANCE, INCENTIVE AWARD PROGRAMS, EMPLOYEE SUPPORT PROGRAM, AND TUITION/FEE REMISSION OF CERTAIN STUDENT EMPLOYEES.

### TREATMENT OF PAID ABSENCES:

Vacation leave costs are charged on the accrual basis of accounting as an assessment to payroll. All other leave costs, including sick, holiday, and other leave costs (e.g., jury duty) are charged on the cash basis of accounting. Leave costs other than vacation are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made. Leave costs are allocated to direct and/or indirect objectives on a prorated basis consistent with the allocation of the employee's salary and wages. Sabbatical leave costs are not charged to sponsored agreements.

### DEFINITION OF EQUIPMENT

Effective July 1, 2006; equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

### DEFINITION OF ON-CAMPUS, OFF-CAMPUS AND SPECIAL RATES

#### DEFINITION OF OFF-CAMPUS RATE

The off-campus rate is applicable to those projects conducted at facilities not owned or leased by the University. However, if the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used.

#### PROJECTS CONDUCTED ENTIRELY ON-CAMPUS OR ENTIRELY OFF-CAMPUS:

Projects conducted entirely on-campus or entirely off-campus will be applied the on-campus or off-campus rate respectively.

#### PROJECTS CONDUCTED PARTIALLY OFF-CAMPUS AND PARTIALLY ON-CAMPUS:

If the project involves work at both on-campus and off-campus sites, either the on-campus or off-campus rate generally should be applied, consistent with where the majority of the work is to be performed. Salary cost is generally accepted as a measure of work performed in terms of the total project.

#### USE OF BOTH ON-CAMPUS AND OFF-CAMPUS RATES

The use of both on-campus and off-campus rates for a given project may be justified if both of the respective rates can clearly be identified with a significant portion of salaries and wages of the project. For purposes of this provision, significant is defined as approximately 25% or more of the total costs and a project's total salary and wage costs exceed \$250,000.

#### OTHER SPECIAL RATES

These rates apply only to the facility or program to which they are identified. If any additional special rates become necessary the establishment of such rates should be coordinated through the cognizant negotiation agency.

INSTITUTION:  
University of California (UCSF)  
San Francisco Campus

AGREEMENT DATE: December 14, 2005

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE INSTITUTION:

University of California (UCSF)  
San Francisco Campus

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(SIGNATURE)

Joseph P. Mullinix

(NAME)

David S. Low

(NAME)

Senior Vice President-Business & Finance

(TITLE)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

(DATE)

December 14, 2005

(DATE) 0237

THIS REPRESENTATIVE: Janet Turner

Telephone: (415) 437-7820

EXHIBIT A  
PAGE 4

UNIVERSITY OF CALIFORNIA, SAN FRANCISCO  
 PREDETERMINED FACILITIES AND ADMINISTRATIVE RATES FOR THE PERIOD  
 JULY 1, 2008 THROUGH JUNE 30, 2009

	ORGANIZED RESEARCH		INSTRUCTION		OTHER SPON ACTIVITIES		GEN CLIN RES CTR*	IPAs**
	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS	ON-CAMPUS	OFF-CAMPUS		
BUILDING DEPRECIATION								
INTEREST	7.5%		3.5%		1.6%		3.2%	
EQUIPMENT DEPRECIATION	4.0%		1.2%		0.8%		0.2%	
OPERATIONS & MAINTENANCE	2.8%		1.2%		1.0%		0.4%	
LIBRARY	12.8%		8.5%		2.7%		4.3%	
GENERAL ADMINISTRATION	1.6%		4.6%		0.9%		0.9%	
DEPARTMENTAL ADMINISTRATION	7.0%		7.0%		7.0%		7.0%	7.0%
SPONSORED PROJECTS ADMIN	16.5%		8.4%		16.8%		5.4%	
STUDENT SERVICES & ADMIN	2.2%		2.2%		2.2%		2.2%	2.2%
ADMINISTRATIVE COMPONENTS	0.3%		8.4%		-		-	
TOTAL	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	14.8%	9.2%
	54.5%	26.0%	43.2%	28.0%	33.0%	26.0%	23.6%	9.2%

\* University employees performing GCRC effort in University-owned facilities (On-Campus).

\*\* IPAs are agreements made under the Intergovernmental Personnel Act (IPA) Mobility Program.

CONCUR:

 \_\_\_\_\_  
 SENIOR VICE PRESIDENT-BUSINESS AND FINANCE

TITLE

DATE